

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 19 – SB 54

February 25, 2013

SUMMARY OF ORIGINAL BILL: Removes a county from liability for payment of any vested and duly-recorded contractual fees or assessments secured by a non-governmental entity on a property prior to it being purchased by the county at a tax sale. Requires the county to retain an exemption from liability for assessed fees for a period no greater than 24 months from the date of entry confirming the purchase of the property by the county. Authorizes the county at any time to surrender the property to the non-governmental entity claiming lien rights to the property.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Expenditures - Exceeds \$200,000/One-Time/Hickman County

Other Fiscal Impact – To the extent Hickman County is a party to litigation in the future concerning fees or assessments on property purchased by the County at a tax sale, there will be subsequent one-time decreases in local government expenditures (for Hickman County) reasonably estimated to exceed \$200,000.

SUMMARY OF AMENDMENT (002809): Corrects a typo in the population bracket. Clarifies that the bill exclusively applies to Hickman County.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from original fiscal note.


Assumptions for the bill as amended:

- The bill as amended applies exclusively to Hickman County.
- According to information provided by Hickman County, a non-governmental entity filed suit against the county for fees assessed on property obtained by the county due to delinquent taxes.
- Fees and interest assessed by the non-governmental entity against the county totaled \$1,070,290.

- In 2012, an order was issued by the Hickman County Circuit Court, number 11-CV-29, stating the property held by the county would be returned to the non-governmental entity in lieu of paying the assessed fees.
- In 2012, a similar suit was filed against Coffee County by a non-governmental entity that resulted in the court finding the county liable for payment of fees assessed by the non-governmental entity in excess of \$200,000.
- The fiscal impact of this bill on Hickman County is dependent upon several unknown factors, such as whether the County will be held liable for contractual fees and/or assessments by non-governmental entities in the future under current law, the total amount of fees that would be assessed, and the costs for litigation. Given the extent of unknown factors, determining a precise fiscal impact for the County is difficult. However, it is reasonable to assume this bill will provide cost savings to Hickman County. As a result, and as it applies to current litigation against the County, a one-time decrease in local government expenditures for Hickman County is reasonably estimated to exceed \$200,000. To the extent Hickman County is a party to similar litigation in the future, the subsequent one-time decreases in local government expenditures for Hickman County is reasonably estimated to exceed \$200,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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